



AirAsia X Berhad

Analyst Deck

Quarter ended 30 September 2023



DISCLAIMER

This document and the information herein is private and confidential and has been distributed by AirAsia X for the use by the addressee only. This document is being supplied to you strictly on the basis that it will remain confidential and no part of it may be, directly or indirectly, used, circulated, disseminated, or shared with any other party or reproduced in any form by any means for any purpose ("Confidential Limitation"). By accepting this document, the addressee hereof agrees to be bound by such Confidential Limitation.

The purpose of this document is to provide information on AirAsia X's 1Q23 unaudited financial results. Whilst all reasonable steps have been taken concerning the information and projections, there is no warranty or representation of its accuracy. AirAsia X has no obligation to update, revise or reaffirm the information and projections in this document after the date of this document.

This document, including the information and projections herein, is not, and should not be construed or considered as, an offer from AirAsia X to the addressee. No legal or binding obligation shall arise between AirAsia X and the addressee until all applicable approvals are obtained and the execution of formal legal agreements or by operation of law under a scheme of arrangement under applicable laws.

Key Takeaways for the Quarter

Highlights of the Company's Performance for 3Q23



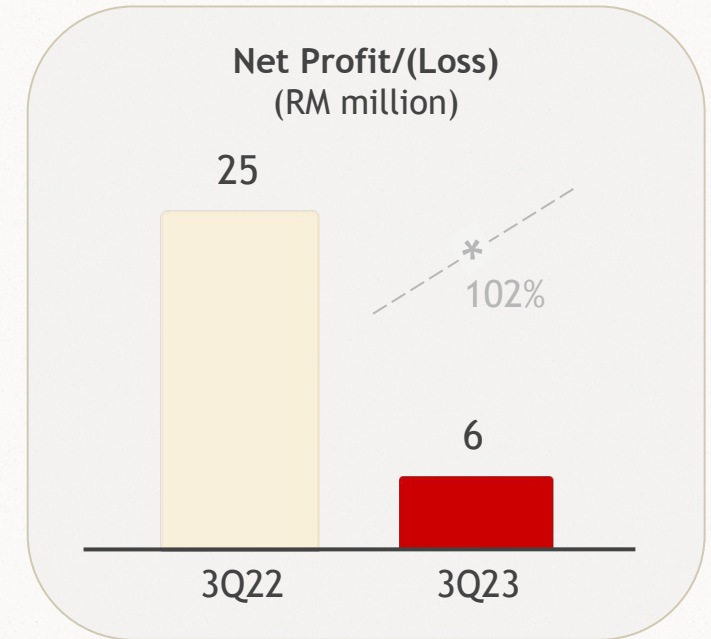
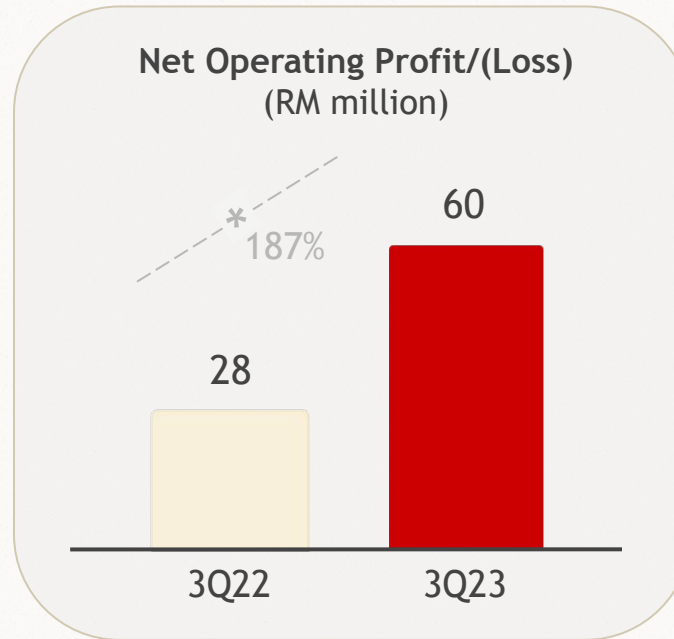
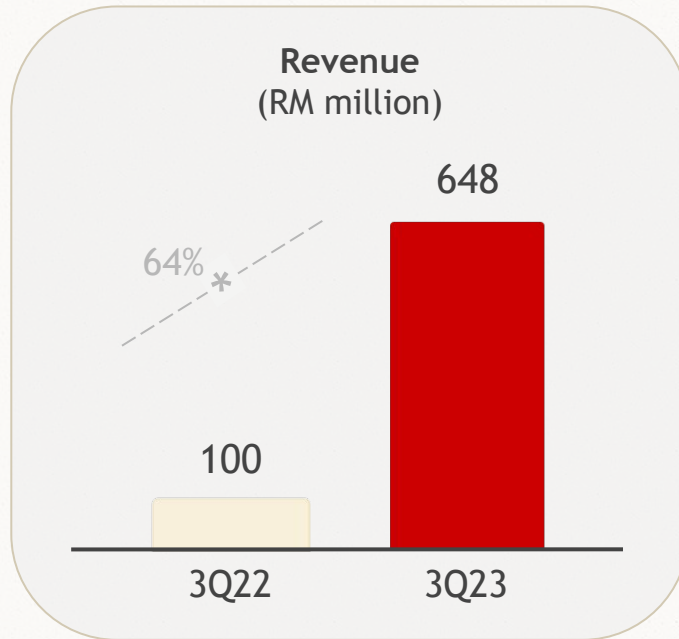
- Revenue surged over 6x YoY to RM648.4 million in 3Q23, with 64% recovery rate even with just over 50% of pre-COVID level fleet size servicing its operations
- Net Operating Profit stood at RM60.4 million on the back of higher operating expenses as more aircraft were activated
- Total operating expenses up by 25% on the back of higher aircraft fuel expenses and USD/MYR rates - positive other operating expenses includes a reversal of IAAX tax provision
- Net Profit recorded RM5.6 million amidst an onerous USD/MYR trend - barring forex losses, profitability would record RM60.1 million for 3Q23
- Stellar operational performance as seat capacity grew 9x to over 1 million seats while number of passengers carried rose over 10x to over 807,000 passengers - PLF healthy at 80% as 3 units of aircraft were activated this quarter
- CASK stood at 11.70 sen as increased fuel expenses were bolstered by a 26% hike in ASK capacity; against 2019, unit cost is disciplined with 3.4% improvement
- RASK recorded 14.69 sen due to higher revenue in 3Q23; against 2019, RASK was up over 23% driven by improved fare structure
- Cash position healthy at RM119.6 million in 3Q23, with second consecutive positive shareholders' equity at RM102.5 million
- Key focus remains fleet activation and network recovery - 17 aircraft expected to be operational with 144 weekly flights by year end;
- Associate AirAsia X Thailand recorded revenue of RM287.2 million with close to 79% recovery rate and posted RM752.1 million of Net Profit following its rehabilitation plan
- AirAsia X Thailand's operational recovery on track, with over 342,000 passengers carried, representing a strong PLF of 82%
- AirAsia X is on track to record a "Share of Profits from Associate" by 4Q23 with conclusion of AirAsia X Thailand's rehabilitation

Key Financial & Operational Highlights



Key Financial Highlights - 3Q23

Financial Highlights for Quarter ended 30 September 2023



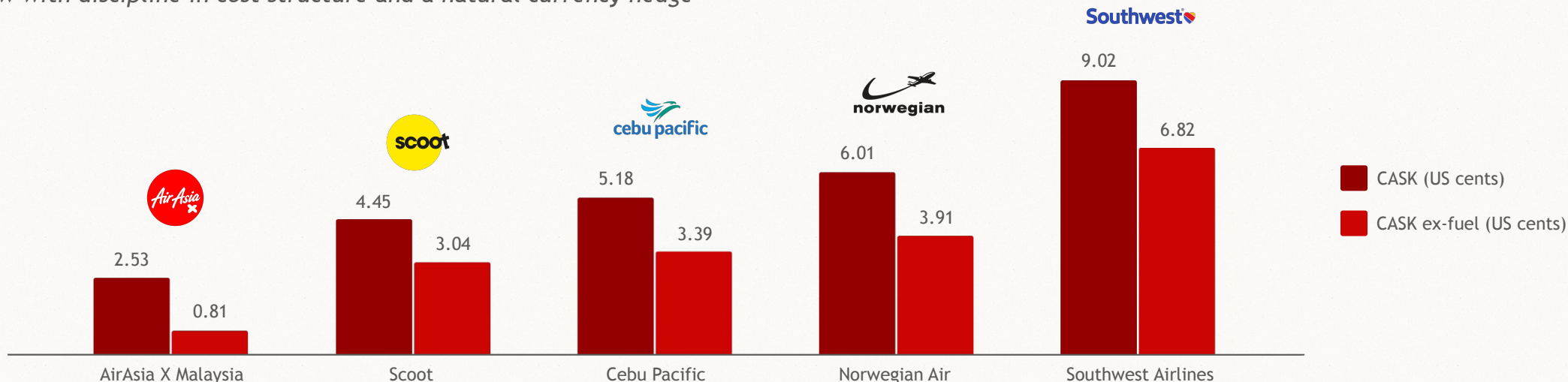
- ❖ **Revenue surged over 6x YoY at RM648.4 million** as more aircraft were activated and the Company's operations further normalised:
 - **Scheduled flights revenue up close to 12x YoY** at RM412.1 million (3Q22: RM35.6 million) while **ancillary revenue grew close to 17x YoY** at over RM191.9 million (3Q22: RM11.4 million);
 - **Against the preceding quarter, charter flights and freight services** revenue was up by close to 28% collectively.
- ❖ **EBITDA stood at RM132.1 million** on the back of higher operating expenses, while **Net Operating Profit stood at RM60.4 million** on the back of **higher operating expenses** as more aircraft were activated, with **higher level of depreciation** with increase in fleet size
- ❖ **Net Profit recorded RM5.6 million** even as the Malaysian Ringgit waned - **barring forex losses, profitability would record RM60.1 million** for 3Q23

Lowest Unit Cost among Peers

Cost kept low with discipline in cost structure and a natural currency hedge



CASK & CASK Ex-Fuel
Quarter Ended September 2023



AirAsia X's **re-engineered cost structure remains in place** and proved **pivotal in today's operating environment**:

- ❖ Cleaned-up balance sheet
- ❖ Competitive aircraft lease rates
- ❖ Revamped network focus
- ❖ Rationalised fleet size strictly per network requirements
- ❖ Renegotiated service contracts
- ❖ Equitable provisions in contracts



Disciplined Cost Management → While fuel and appreciation of the US Dollar against local currency place significant pressure on AirAsia X's total operating expenses, its **CASK and CASK ex-fuel remains the lowest among peers**

Natural Currency Hedge → AirAsia X has an **edge in the blend of currencies** it receives from sales as **over 54% of its revenue are in foreign currencies**, with CNY and AUD making up over 20% of revenue


Key Operational Highlights - 3Q23

Operational Highlights for Period ended 30 September 2023




| | 3Q23 | 3Q22 |  | YoY | 3Q19 | Recovery Rate |
|-------------------------|-------|------|---|-----|-------|---------------|
| ASK Capacity (millions) | 4,412 | 370 |  | 12x | 8,104 | 55% |


- ❖ **ASK capacity increased close to 12x YoY** at 4,412 millions as additional aircraft were brought to service during the quarter - charted a **recovery rate of 55% against 3Q19**

| | | | | | | |
|----------------------|-------|-----|---|-----|-------|-----|
| No. of Sectors Flown | 2,810 | 295 |  | 10x | 4,879 | 58% |
|----------------------|-------|-----|---|-----|-------|-----|

- ❖ Number of sectors flown stood at 2,810, **up 10x YoY** on the back of **a boost in flight frequencies close to 5x YoY** at 114 flights per week in 3Q23 - **recovering at 58% compared to 2019 level**

| | | | | | | |
|-----------------|----|----|---|-------------------------|----|------------------------|
| Load Factor (%) | 80 | 73 |  | +7 percentage points | 81 | -1 percentage point |
|-----------------|----|----|---|-------------------------|----|------------------------|

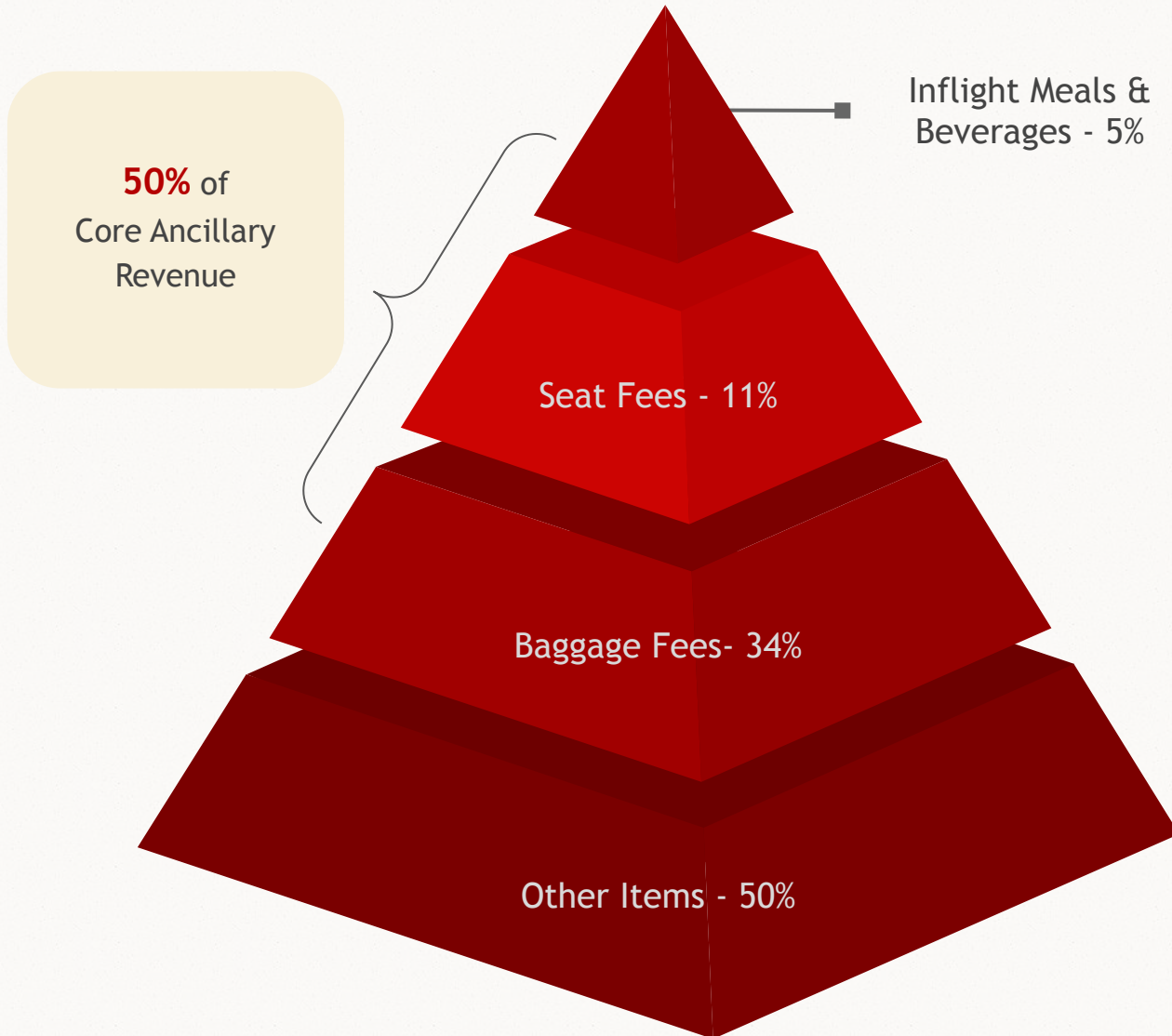
- ❖ Load factor of 80% in 3Q23 went **up by +7 percentage points QoQ** on the back of **a 30% increase in passengers carried at 807,004** compared to 621,984 in the preceding quarter - **close to the pre-pandemic PLF level of 81%**

| | | | | | | |
|-----------------------------|-----|-----|---|------|-----|------|
| Average Passenger Fare (RM) | 514 | 625 |  | -18% | 464 | 111% |
|-----------------------------|-----|-----|---|------|-----|------|

- ❖ Average Base Fare declined to RM514 in 3Q23 as **fare trends normalised over the past 12 months** - **upside remains at 11% compared to the same period in 2019**

Ancillary Performance - 3Q23

Ancillary Revenue Exceeded 100% Recovery Pre-Covid level



Ancillary Revenue Key Highlights:

- ❖ Ancillary revenue **boomed over 100x YoY** as flight services normalised in the past 12 months
- ❖ **Ancillary revenue per pax up (RPP) kept its robust pace at RM238** as take-up advanced amidst optimised commercial initiatives

Outlook for Ancillary Segment:

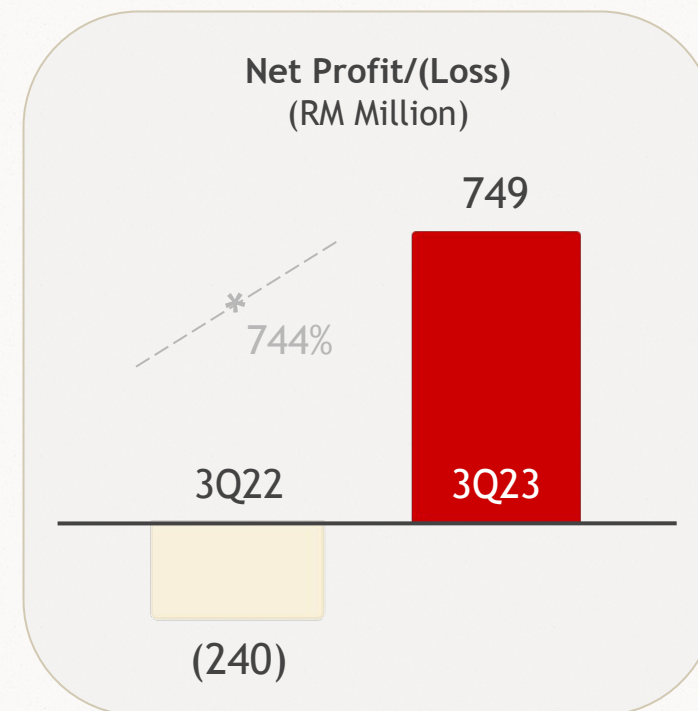
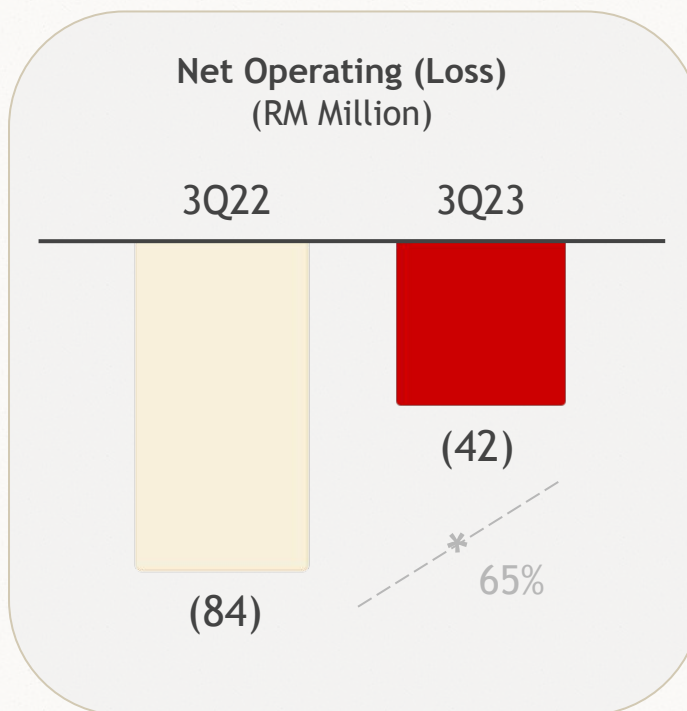
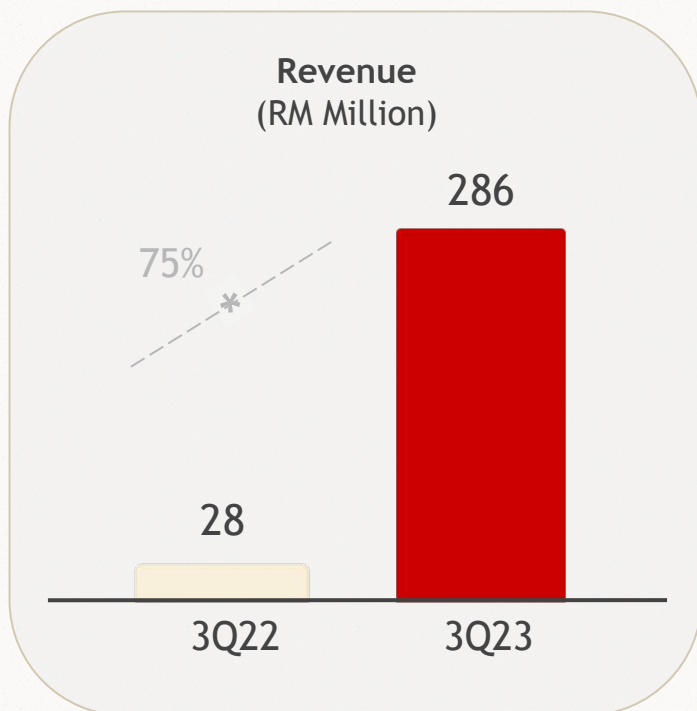
- ❖ Ancillary **RPP expected to grow by over 30%** against 2019 levels
- ❖ **Key initiatives in motion** and driving ancillary performance:
 - **Data-driven dynamic pricing** and optimisation
 - **New and improved product offerings** launching between now until year end
 - Optimisation of sales channels for **better user experience, ultimately driving sales**

Associate Performance: TAAX



Associate: TAAX - 3Q23

Recovery on Track as Rehabilitation Plan Concluded



- ❖ **Revenue up by over 10x YoY** at RM285.6 million compared to RM28 million in the preceding year - **recovering close to 75% against pre-COVID level** in 2019
- ❖ Net Operating Loss **narrowed down by 50% YoY** from RM83.5 in 3Q22 to RM41.7 in the quarter under review
- ❖ Due to **conclusion of TAAX's rehabilitation**, Net Profit recorded of RM749.2 million in 3Q23 **showing an upside** compared to a loss of RM116.2 in 3Q19

Associate: TAAX - 3Q23

Operational Metrics for Period Ended 30 September 2023



| | 3Q23 | 3Q22 | ▲▼ | YoY | 3Q19 | Recovery Rate |
|-------------------------|-------|------|----|-----|-------|---------------|
| ASK Capacity (millions) | 1,797 | 316 | ▲ | 6x | 3,484 | 52% |

- ❖ ASK Capacity recorded at 1,797 millions, **close to 6x increase YoY** in line with the increase in aircraft reactivation in the past year - **recovery rate stood at 52% against 3Q19**

| | | | | | | |
|----------------------|-------|-----|---|----|-------|-----|
| No. of Sectors Flown | 1,117 | 207 | ▲ | 5x | 2,258 | 50% |
|----------------------|-------|-----|---|----|-------|-----|

- ❖ In line with **ramped up flight frequencies**, number of sectors flown **continue to grow over 5x YoY** to 1,119 in 3Q23 - showing **close to 50% recovery from 2019 level** during the same period

| | | | | | | |
|-----------------|----|----|---|----------------------|----|----------------------|
| Load Factor (%) | 82 | 75 | ▲ | +7 percentage points | 77 | +5 percentage points |
|-----------------|----|----|---|----------------------|----|----------------------|

- ❖ Load factor in 3Q23 was **up by 7 percentage points YoY at 82%** on the back of **over 5x higher seat capacity and passengers carried** at 416,053 and 342,078 respectively - **exceeded 2019 level by 5 percentage points**

| | | | | | | |
|-----------------------------|-----|-----|---|-----|-----|------|
| Average Passenger Fare (RM) | 663 | 579 | ▲ | 15% | 436 | 152% |
|-----------------------------|-----|-----|---|-----|-----|------|

- ❖ TAAX Average Base Fare **grew by 15% at RM663 per pax** in 1Q23, showing a **152% recovery against 2019 level**

Confidential

Network & Fleet Updates



Network Plan

Return to Core Markets and Entry to Exciting New Markets - Building FlyThru



- ❖ Now serving **20 destinations in September 2023** from only 2 destinations on restart of the airline
- ❖ Continues to build on **regional dominance in core markets** now that operations are in full force
- ❖ **Massive potential from China** in the horizon - AAX expects China's **flight frequency to hit 18x weekly flights** by end of year 2023
- ❖ **FlyThru traffic attributed to over 30% of total passengers** with top routes connecting **Indonesia, India, Australia, Thailand and Japan**
- ❖ Commencement of **new markets in Istanbul and Central Asia** will ensure AirAsia X **extends its reach to other new and strategic regions** for a long-term viability

Fleet Activation Overview

2023 Fleet Activation on track per stipulated timeline

| <i>Period under Review</i> | <i>June-23</i> | <i>September-23</i> | <i>December-23</i> |
|--|----------------|---------------------|--------------------|
| Total Fleet Size End of Period | 17 | 17 | 18 |
| Total Activated Aircraft End of Period | 11 | 14 | 17 |

◆ Notes:

- August 2023 - 13 aircraft are activated following induction of 2 A330-300 leased from 3rd party lessor to the operating fleet
- September 2023 - 14 aircraft will be activated with addition of 1 A330-300 leased from 3rd party lessor to the operating fleet
- November 2023 - 16 aircraft will be activated with addition of 1 A330-300 transferred from AirAsia Malaysia and 1 A330-300 out of RTS works
- December 2023 - 17 aircraft will be activated with addition of 1 A330-300 out of RTS works

Outlook for 4Q23



Zooming in on 4Q23 - Network & Commercial

Key Focus for AirAsia X in the coming months



Network & Fleet

- Strategy on **yield-building and capacity recovery** remains in motion - steady relaunch of identified routes ongoing up until end of the year in addition to enhancing FlyThru traffic as the **busiest of travel seasons kick in for 4Q23**
- Return to China will be focal point in the coming months; **weekly flights to China expected to hit 18x from 8x** in June 2023 and shall **soon include Hong Kong due to encouraging demands**
- Building total capacity across the network; **total weekly flights expected at over 144 flights per week in December 2023** (3Q23: 114 flights per week)
- Activation of the fleet remains an ultimate key - plan is in place to **add 1 more aircraft by 4Q23** and continue working with lessors and manufacturer to ensure **fleet is secure in the long term**

Commercial Outlook

- **Ancillary revenue per passenger to grow over 30%** vs 2019 levels - **new and improved offerings** and **fine-tuned, data-driven pricing strategy** are in motion since 3Q23
- Various **targeted marketing and optimisation plans ongoing via airasia.com** to drive scheduled flights and ancillary revenue segments
- Increasing **FlyThru traffic as more destinations are introduced on airasia.com** - tapping onto short haul sectors, either from AirAsia or non-AirAsia flights
- Working closely with **Teleport to build on cargo upside** particularly as traffic recovers - **cargo revenue steadily gaining traction at 6.4% of total revenue as of 3Q23**

Zooming in on 4Q23 - Financial Position

Key Focus for AirAsia X in the coming months



Cash & Equity

- In 3Q23 cash position healthy at RM119.6 million and is expected to be buoyed by positive outlook on the operational environment particularly as the peak year-end travel season commences
- AAX's shareholders' equity returned to positive at RM40.8 million in 1Q23 and was boosted with the completion of placement of shares amounting to RM50 million in 2Q23 - the Company's positive operational feats thus far had further driven its equity position to stand at RM102.5 million in 3Q23

Corporate Exercise

- PN17 waiver application status - approval granted in November 2023 by Bursa Securities Malaysia Berhad
- TAAX's rehabilitation plan has concluded and AAX expects upside on share of earnings in 4Q23
- AAX will record a "Share of Profits from Associate" in 4Q23 as TAAX's rehabilitation completes and accumulated losses are accounted for

AirAsia X: PN17 Upliftment



AirAsia X Flies Out of PN17

Our journey towards the upliftment of the PN17 status and what this means for the airline



**What's
In-Store
for AirAsia X?**

AirAsia X **maintains its listing status** and could focus on **sharpening the edges of its revamped business model** and strengthen its position in the market

No longer a PN17 company, AirAsia X's credit will improve, opening up more **opportunities for bank lines and other financing facilities**

Even as a PN17 company, AirAsia X was able to raise RM50 million from 3 institutional investors in June 2023; the upliftment of the PN17 status would **boost investor confidence and grants AirAsia X a wider investor base**

Thank You

Connect with us at aax_ir@airasia.com

